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3 September 1953

MEMORANDUM FOR: Deputy Director (Intelligence)

SUBJECT: Comments and Recommendations on the
State Letter of August 26th on Supplementing
the Foreign Service

1. The Department in this letter has faced up squarely to its internal financial predicament and its responsibilities to the community and has properly called them to the attention of the DCI in order that he can identify and provide for such responsibilities as he may construe that he has under the law and under the NSCID's.

2. The State proposal is, as I understand it, in keeping with General Cabell's attitude to the effect that the responsibility for the administration of overt collection as provided in our current arrangement is correct and should be continued. By implication, it is wrong for the Agency to be a party to any arrangement which would make such control ineffectual.

3. If we are to reject this proposal and framework we need



somewhat similar practices, such as \$300,000 to the Library of Congress for the monthly lists of Russian Acquisitions. It seems

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to me that in both of these cases we are saying that the functions discharged appropriately belong to the State Department (and subcontracting agencies) and to the Library of Congress respectively, and that it is right proper for the DCI to provide money for these agencies to meet his needs and responsibilities. That is all really that the State Department letter amounts to. The only reason why it requires a letter and a reply is because in the past our thinking has not extended to the Foreign Service in the same regard. This is explainable because of tradition and most importantly because of the fear of the Department, however unconscious, that with money from CIA they would lose control of the Foreign Service.

4. At this time all the Agency can do is to accept the framework. It is impossible to provide accurate, sound projections of what supplemental aid will be required in each category for the coming year. An assessment to provide a package of all of these at a given date would require that that date be moved months hence because of the careful work, much of it interagency, which has to be accomplished in making reliable estimates.

Recommendations:

5. That the attached draft letter to Mr. Armstrong be signed and that the Agency at least for the coming year recognize that it will have to deal with separate PRC actions in implementing the agreement.

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JAMES Q. REBER
AD/IC

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MEMORANDUM FOR: Mr. W. Park Armstrong, Jr.
Special Assistant, Intelligence,
Department of State

SUBJECT: Supplementing of the Foreign Service

1. Reference is made to your letter of 26 August 1953 respecting your concern for the effects of the 1954 Foreign Service budget reduction. Your proposal of a method whereby the DCI could meet his responsibility to the NSC in such matters is appreciated.

2. We are both constantly mindful of the importance of reducing all government expenditures to the fullest extent possible. In the light of the responsibility of the DCI to recommend to the NSC measures which will provide a sound, effective and coordinated system of intelligence for national security purposes, I am concerned by the reduction of intelligence collection activities in the Foreign Service.

3. I am in agreement with the policy framework proposed by the Department of State in the subject letter. It pays proper respect to the responsibilities of the Secretary of State in

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administering the Foreign Service and to those of the DCI. It will not be possible however at this time to indicate in complete detail proposals which we may have for supplementing the Foreign Service staffs. (An alternative for inclusion: It is in general cheaper for the government to acquire through the overt channels of the Foreign Service the maximum of required intelligence information rather than to augment the activities of other collection methods, including collection from covert sources.

4. In accepting your proposal I suggest that it may be necessary, after our mutual further examination of the problem, to reconsider the policy with respect to scientific collection. However, it may be that as you suggest, State's investigation in concert with CIA of other methods whereby collection activities of the Foreign Service can be augmented to meet CIA needs for scientific information may prove adequate.

5. I agree that it is desirable to obtain the views of the IAC with regard to this proposal and advise the NSC. At the appropriate time, we will join the Department in working out the details of consultation with the Bureau of the Budget and proper Congressional Committees. (Alternatively, strike "and proper Congressional Committees").